



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Robert L. Morgan
Executive Director

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Division Director

May 28, 2003

William R. Wilson
Basin Perlite Corporation
2160 Republic Plaza, 17th Street
Denver, Colorado 80202

Re: Formal Approval of Notice of Intention to Amend Large Mining Operations, Basin Perlite Corporation, Pearl Queen Perlite Mine, M/001/027, Beaver County, Utah

Dear Mr. Wilson:

On May 28, 2003, the Director of the Division of Oil, Gas and Mining formally approved the replacement Reclamation Contract and amount of reclamation surety for Basin Perlite Corporation's amended Pearl Queen Perlite mine. The amendment changed the acreage at the site from 25.16 acres to 28.71 acres. However, because only reclamation parameters for the site have been modified, no change was required in the amount of surety required to reclaim the site. The \$133,600 reclamation surety, issued by American Manufacturers Insurance Company remains in place at this time.

The Division hereby grants its final approval of your amended large mining notice of intention and the revised Reclamation Contract for the Pearl Queen Perlite Mine. You may now commence with mining operations as outlined in your amended large mining notice of intention. Please be advised that, if you have not already done so, you must also acquire formal approval from the Bureau of Land Management, before beginning mining operations on federally managed land and/or minerals.


Enclosed please find copies of the fully signed and executed Reclamation Contract and a copy of the existing surety bond form for your files. Also enclosed is a copy of the "approved" Amended Notice of Intention to Commence Large Mining Operations for your files. If, in the future, you wish to modify your mining and reclamation plan, please furnish a redlined and strikeout version of the page(s) you wish to change. When the changes reach final approval, a clean version of the pages will need to be submitted to be incorporated into the approved plan.

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William R. Wilson
M/001/027
May 28, 2003

As you are aware, the performance rating for American Manufacturers Insurance Company has dropped below an acceptable rating. We look forward to resolving this issue prior to the August 19, 2003 deadline. A replacement Reclamation Contract will also be required to accompany the replacement surety when it is replaced.

Thank you for your help in finalizing this latest permitting action. Please call me if you have any questions in this regard.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Enclosure: "approved" amended Notice, Reclamation Contract, copy of existing surety bond
cc: Jay Gatten, North American exploration, w/Encl
Ed Ginouves, BLM, Cedar City FO, w/Encl
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